

# Insurance Basics

By: Healthcare.gov

Most people get health insurance through a job-based health plan, or they buy it themselves from an insurance company.

If you have to buy insurance on your own, many kinds of private health insurance policies are for sale. Different kinds of policies can offer very different kinds of benefits and can limit your access to some doctors, hospitals, or other providers.

The kinds of benefits and which care providers your policy covers can make a big difference in your costs and the quality of care you get if you become ill

## ***How much will my policy cost me?***

The answer is more complicated than you might think. The cheapest policy may not provide you the best overall value.

The most obvious feature of any policy is the premium - the amount you pay (usually monthly) to an insurance company for a health insurance policy.

Just as important as the premium cost, however, is how much you have to pay when you get services. Examples include:

- How much you pay before insurance coverage begins (a deductible)
- What you pay for services after you pay the deductible
- How much in total you will have to pay if you get sick (the out-of-pocket maximum)

Often, there is a direct tradeoff between how much you pay for health insurance and the extent of the covered benefits.

As you weigh this tradeoff, remember that buying the policy with the cheapest premium or with a very high out-of-pocket maximum may leave many services and treatments uncovered. This could leave you vulnerable to high medical bills.

## ***Can I keep my current doctor?***

Private health insurance plans often have networks of hospitals, doctors, specialists, pharmacies, and other health care providers. Networks include health care providers that have a contract with an insurer to take care of the plan's members.

When choosing a plan, review the list of providers that give care under the policy. If staying with your current doctors is important to you, check to see if they are included.

Depending on the type of policy you buy, care may be covered only when received from a network provider. To get care from a specialist you may need a referral from your primary care doctor.

## **Types of plans and network restrictions**

- Traditional **HMOs (health maintenance organizations)** and **EPOs (exclusive provider organizations)** may restrict coverage to providers outside their networks. If you use a doctor or facility that isn't in the network, you're likely to pay the full cost of the services provided.
- Other types of insurance plans give you a choice of getting care within or outside of the provider network, although the portion of health costs covered by insurance may be much lower for out-of-network care. This means you will pay more to use out-of-network providers. Plans like these may be called **PPOs (preferred provider organizations)** or **POS (point-of-service plans)**. **Fee-for-service plans** usually don't have networks.

## ***How do I know if my plan's network includes high quality doctors and hospitals?***

Ask your doctor to see if the plan's list of specialists include other respected doctors--such as cardiologists, surgeons, and oncologists--even if you may not need them today, as another way of understanding the protection the health plan offers.

## ***What's not health insurance?***

Among the many kinds of private health insurance sold today, you may see products that look and sound like health insurance but don't provide comprehensive health insurance protection. Here are some examples.

## Dread Disease Policies

Dread disease policies pay only for costs related to treatment for specific diseases, such as cancer. One state has banned their sale and other state insurance regulators have posted advisories cautioning people about these policies. Most dread disease policies aren't [guaranteed renewable](#).

Most insurance experts recommend buying a good comprehensive policy instead. Dread disease policies tend to be a poor value, and some sellers try to mislead people and prey on their fears about cancer or other diseases.

Starting in 2014, thanks to the Affordable Care Act all new health insurance plans sold to individuals and small businesses, and plans purchased in the new [Affordable Insurance Exchanges](#), must include a range of [essential health benefits](#).

## Accident-Only Policies

Accident-only coverage pays for care you need as a result of an accident that isn't due to illness. Since a good comprehensive policy will cover costs associated with accidents as well as illness, accident-only policies generally aren't a good value.

## Supplemental Policies

Supplemental policies are typically designed to add on to more comprehensive health coverage. They "wrap around" and complement basic health insurance.

For example, a hospital indemnity policy is a supplemental policy that pays cash benefits for each day you're in the hospital. Usually, however, the cash benefit will be nowhere near the cost of hospital care. Another example is supplemental prescription drug coverage.

In either case, you should carefully evaluate supplemental policies before buying to ensure you aren't "over-insured" and aren't paying more than necessary for insurance you're unlikely to use.

You may also consider buying a Medicare supplemental policy known as "Medigap" if you have Original Medicare.

A Medigap policy is health insurance sold by private insurance companies to fill the "gaps" in Original Medicare coverage and helps pay some of the health care costs that Original Medicare doesn't cover. There are 12 standard Medigap policies (Medigap Plans A – L), and insurers selling Medigap must follow state and Federal laws designed to protect you.

If you're enrolled in a Medicare Advantage Plan, you don't need to buy (and can't be sold) a Medigap policy.

## **Discount Plans**

Discount plans aren't health insurance, and they won't protect you from high medical expenses. Some people may mistake discount health plans for health insurance because of the insurance-like features of these products:

- Discount plans charge a monthly premium, issue an ID card, and offer "coverage" for a broad range of health services.
- Discount plans also typically advertise a network of providers who will discount charges by, say 25% or 30% to people who are cardholders.
- Some people have reported problems getting promised discounts even on smaller-ticket health care services.

Unfortunately, because discount plans aren't health insurance, insurance regulators often can't help. A number of state insurance regulators and attorney generals have issued alerts warning people away from discount medical plans.

## **Stacked Policies**

A number of licensed insurers sell products that have been described by regulators as "stacked" policies. These join together several limited coverage products--for example, an accident-only policy combined with a supplemental hospital policy or dread disease policy and a discount plan.

The combination may sound similar to comprehensive health coverage, but it isn't.

## ***Consumer Checklist: What to Look for in a Health Insurance Policy***

It can be a challenge to find coverage that meets your health care needs and fits your budget. Health insurance that covers more tends to cost more. Some tips as you are shopping for insurance:

- Do your best to balance the cost (monthly premium) of a policy with the protection it offers.

- Determine what you will have to pay yourself for covered services (deductible, co-insurance, copayments, and out-of-pocket limit).
- Estimate costs for non-covered care (services excluded or limited by the policy) and charges (fees above what the plan recognizes).
- Check whether the plan covers the health care services and medications you require.
- Check whether the plan's health care providers include your current providers, are located conveniently for you, and are high quality.
- Avoid policies that don't have some kind of maximum out-of-pocket limit on covered charges.
- Don't mistake insurance-like products for comprehensive coverage.
- If you have questions, call your state's [Department of Insurance](#) or [Consumer Assistance Program](#).